

Message Text

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ACTION EUR-12

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E. O. 11652: N/A
TAGS: EGEN, EEC, ETRD, EFIN, UNCTAD
SUBJ: EC FOREIGN MINISTERS COUNCIL: LDC DEBT RELIEF

REFS: (A) BRUSSELS 4240; (B) BRUSSELS 4251

1. CONSIDERATION OF NORTH/SOUTH ISSUES BY THE FOREIGN MINISTERS DURING THEIR COUNCIL MEETING OF MARCH 7, WAS ALMOST ENTIRELY LIMITED TO LDC DEBT RELIEF. THE FOREIGN MINISTERS NOTED WITH GRATIFICATION THAT THE DANISH REPRESENTATIVE WILL TABLE THE US/EC JOINT PAPER ON LDC DEBT FEATURES ON BEHALF OF THE EC AND THE US AT THE MARCH 8 SESSION OF THE UNCTAD TDB MINISTERIAL IN GENEVA. THIS MOVE IS TO BE PRESENTED AS A POSITIVE CONTRIBUTION TOWARD THE G-77, AND THE PAPER IS NOT TO BE SUBJECT TO AMENDMENT.

2. ACCORDING TO OUR PERMDEL AND COUNCIL SECRETARIAT
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SOURCES, THE MINISTERS THEN DISCUSSED PROPOSALS WHICH HAVE BEEN SUGGESTED AT THE TDB MINISTERIAL REGARDING RETROACTIVE IMPROVEMENT OF THE TERMS OF EXISTING LDC DEBT. ACCORDING TO A FRENCH PERMDEL OFFICER, FRANCE EXPRESSED RESERVATIONS ON SOME OF THESE PROPOSALS. HE SAID THAT FRANCE BELIEVES ANY SUCH RETROACTIVE TERMS ADJUSTMENT (RTA) SHOULD BE CONSIDERED IN THE CONTEXT OF

THE OVERALL TRANSFER OF RESOURCES FROM THE DEVELOPED TO THE DEVELOPING STATES AND SHOULD BE APPLIED AGAINST THE 0.7 PERCENT TARGET THAT OVERALL DEVELOPMENT ASSISTANCE SHOULD BEAR TO THE DONORS' GDP. THE DUTCH AND THE DANISH MINISTERS WERE PREPARED TO BE MORE FORTHCOMING. THE MINISTERS FINALLY DECIDED TO AUTHORIZE THE MEMBER STATES TO EXAMINE THE US AND THE DUTCH RTA PROPOSALS ON THE SPOT IN GENEVA. THE MEMBER STATES SHOULD SEEK TO MAINTAIN A COMMON POSITION ON THESE PROPOSALS IN EC COORDINATION SESSIONS AND THEN SEEK AGREEMENT WITH THEIR GROUP-B PARTNERS BEFORE APPROACHING THE G-77.

3. IN THEIR DISCUSSIONS OF RTA, VARIOUS MEMBER STATE REPRESENTATIVES EXPRESSED CONDITIONS WHICH THE EC COUNCIL SECRETARIAT BELIEVES WILL SERVE AS PRINCIPLES TO BE FOLLOWED BY THE MEMBER STATES IN GENEVA. THESE INCLUDE:

(A) ANY RETROACTIVE IMPROVEMENT OF LDC DEBT TERMS SHOULD BE DETERMINED ON A CASE-BY-CASE BASIS ONLY AND SHOULD APPLY ONLY TO THE "POOREST LDC'S."

(B) POSSIBLE ALLEVIATION OF DEBT BURDENS SHOULD BE CONSIDERED IN THE CONTEXT OF OVERALL AID BY THE DONOR COUNTRY WHO SHOULD BE FREE TO CHOOSE WHICH COUNTRIES CAN BENEFIT FROM RTA, TO WHAT EXTENT AND IN WHAT MANNER.
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(C) ANY CONCESSIONS TO THE G-77 ON RTA SHOULD BE IN THE FRAMEWORK OF THE NORTH/SOUTH DIALOGUE AND SHOULD RESULT IN APPROPRIATE STEPS BY THE G-77 IN EXCHANGE. (THIS RATHER GENERAL FORMULATION WAS TAKEN PRIMARILY AS MEANING THAT THE G-77 SHOULD ABANDON THEIR DEMANDS FOR ACROSS-THE-BOARD DEBT RELIEF.) HINTON

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